

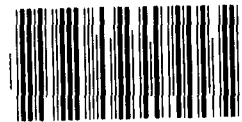
GAO

Report to the Congress

May 1987

REVENUE ESTIMATE

Panama Canal Commission Estimated Revenue for Fiscal Year 1988



132819

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**Comptroller General
of the United States****B-114839****May 1, 1987**

To the President of the Senate and the
Speaker of the House of Representatives

The Panama Canal Act of 1979 (22 U.S.C. 3601-3871 (1982)) requires the Comptroller General of the United States to certify the Secretary of Defense's estimate of the Panama Canal Commission's annual revenues to be deposited in the Panama Canal Commission Fund. This report responds to this requirement for fiscal year 1988 estimated revenues.

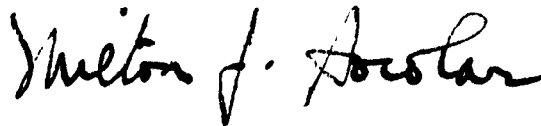
The chairman of the Panama Canal Commission's board of directors, who is also the Secretary of Defense's Representative for Panama Canal Affairs, has estimated the fiscal year 1988 revenues of the commission to be \$463 million. Vessel tolls are estimated to be \$339 million, and nontoll revenues are estimated to be \$124 million. (See appendix I.)

The toll revenue estimate was based on the commission's survey of activities and trends in the maritime industry. The commission's economists, using the survey results in conjunction with the commission's data bases on all vessels which have entered the Canal, forecast the tonnage expected to transit the Canal. A vessel's tonnage as well as the per ton toll rates approved by the President of the United States determine a vessel's toll to transit the Canal. The tonnage forecast and toll rates for fiscal year 1988 then produce the estimated toll revenue.

Nontoll revenues were based on the estimated costs of providing services such as navigation services, water and power production and delivery, and housing. Service rates are set on a cost recovery basis.

We tested the computation of the fiscal year 1988 estimates and reviewed the method and assumptions used to compile the estimates. We performed our review in accordance with applicable generally accepted government auditing standards. Based on our review, we believe the underlying assumptions provide a reasonable basis for estimating the revenue to be deposited in the Panama Canal Commission Fund during fiscal year 1988. However, some of these assumptions may not materialize and unanticipated events may occur; therefore, results achieved may vary from the forecast, and the variation may be material.

We are sending copies of this report to the Director of the Office of Management and Budget, the Secretaries of Defense and the Army, the Chairman of the Board of Directors of the Panama Canal Commission, interested congressional committees and members, and other interested parties.

for 
Comptroller General
of the United States

Certification Request From Board of Directors



Board of Directors *Panama Canal Commission*

December 30, 1986

Honorable Charles A. Bowsher
Comptroller General
of the United States
Washington, D.C. 20548

Dear Mr. Bowsher:

Current provisions of the Panama Canal Act of 1979 require the Comptroller General of the United States to certify the expected revenues to be deposited into the Panama Canal Commission Fund for the year in which appropriations are being requested. In anticipation of the Commission's budget being submitted to the Congress in the near future, this is a request to certify the Commission's revenue estimates for fiscal year 1988.

Specifically, Section 1302(c)(2) of the Panama Canal Act of 1979 provides that:

"No funds may be appropriated to or for use of the Commission for any fiscal year in excess of (A) the amount of revenue deposited in the Panama Canal Commission Fund during such fiscal year, as such amount is estimated by the Secretary of Defense and certified by the Comptroller General of the United States at the time the budget request for the Commission for such fiscal year is submitted to Congress, plus (B) the amount of revenues deposited in such Fund prior to such fiscal year and remaining unexpended at the beginning of such fiscal year"

In accordance with subparagraph (2)(A) of section 1302(c) of said Act, I estimate that the operating revenues to be deposited by the Panama Canal Commission into the Panama Canal Commission Fund during fiscal year 1988 will amount to \$456,309,000 of which \$339,000,000 will come from tolls and \$117,309,000 from other services. In addition to those operating revenue receipts, it is projected that the Panama Canal Commission will deposit into the Panama Canal Commission Fund in fiscal year 1988 \$7,000,000 from the transit-reservation system and \$100,000 from the disposal of plant assets.

Appendix I
Certification Request From Board
of Directors

Honorable Charles A. Bowsher

The deposits by the Panama Canal Commission into the Panama Canal Commission Fund during fiscal year 1988 are, therefore, estimated at \$463,409,000 (see attachment). This estimate is in conformity with the projections contained in the President's Budget for fiscal year 1988, which are based on the Commission's current outlook for traffic and tolls for that period. Actual receipts could differ from the estimate should an unforeseen change take place in world trade patterns affecting Canal traffic.

Your certification of the amount estimated for deposit into the Panama Canal Commission Fund in fiscal year 1988 will be appreciated.

Sincerely,

William R. Gianelli

William R. Gianelli
Chairman

Enclosure

Appendix I
Certification Request From Board
of Directors

Panama Canal Commission
Estimate of Revenues and Deposits
President's Budget FY 1988

	FY 1988 <u>In thousands</u>
Tolls	\$339,000
Revenues other than Tolls:	
Navigations	68,381
Power services	27,327
Water System	10,136
Employee Housing	1,924
All other	<u>9,541</u>
Total Revenue other than Tolls	117,309
Total operating revenues	456,309
Revenue from transit reservation system	7,000
Revenue from disposal of fixed assets	<u>100</u>
Total estimated receipts to be deposited in U.S. Treasury - FY 1988	<u>\$463,409</u>

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